



**TESTIMONY OF
PATRICK CHARMEL,
PRESIDENT AND CEO, GRIFFIN HOSPITAL
BEFORE THE
APPROPRIATIONS COMMITTEE
Thursday, February 16, 2017**

**HB 7027, An Act Concerning The State Budget For The Biennium Ending
June Thirtieth 2019, And Making Appropriations Therefor**

Griffin Hospital appreciates this opportunity to testify in opposition to **HB 7027, An Act Concerning The State Budget For The Biennium Ending June Thirtieth 2019, And Making Appropriations Therefor.**

Griffin Hospital cares for nearly 7,500 inpatients and 190,000 outpatients each year. We also employ over 1,400 people, including over 50 physicians and ancillary providers and more than 100 support staff as part of Griffin Faculty Physicians, our employed medical group. Another 300 community physicians refer patients to the hospital and depend upon our facilities and services in the care of their patients.

Beyond the lifesaving care we provide 24 hours a day, Griffin has a major beneficial impact on our local economy, contributing more than \$255 million in direct economic benefit through salaries, purchases of goods and services, and facilities improvement projects that help us meet the growing need for our services. In addition, our community benefit activities include investments of more than \$13 million to improve the health of our community.

However, all of these important roles that Griffin plays are placed in jeopardy, year after year, by the continued financial stress of government underfunding in the form of Medicare and Medicaid payments that do not come close to covering the cost of care provided. The added burden of the current hospital tax -- in Griffin's case, more than \$7.5 million that we pay to the state -- means that funds that we would have otherwise invested in new technology, programs and services, and our caregiver workforce, are not available for those purposes.

Now, as drafted, HB 7027 would eliminate the Small Hospital Pool, resulting in the loss of \$3.2 million in revenue. What's more, HB 7027 would establish yet another tax on hospitals through a scheme to eliminate our real property tax exemption, thereby allowing the

municipality in which the hospital resides to tax us. For Griffin, this new municipal tax burden would be nearly \$3 million, bringing our total tax bill to \$10.5 million for state fiscal year 2018.

In return, the state's enticement to hospitals as proposed in HB 7027 is the creation of two new Medicaid supplemental payment pools that would return the municipal property tax amount all hospitals would pay plus \$37 million. This all sounds great on paper, and is no doubt appealing to the many municipalities that would theoretically benefit from the tax exemption elimination.

However, for hospitals, this latest tax proposal is quite literally "déjà vu all over again," to quote the late, great Yogi Berra. When the state first enacted the hospital provider tax in 2011, the promise was to return to hospitals, in aggregate, more than was taxed. The promise wasn't kept, and the state has repeatedly cut hospital payments over the years. That provider tax budget scheme has already resulted in more than \$2 billion taxed and cut from hospitals and annual \$435 million net tax burden. Forgive hospitals if the newly proposed scheme sounds hauntingly familiar.

The combined financial impact of the property tax exemption and elimination of the Small Hospital Pool would seriously threaten Griffin's ability to keep pace with the growing demand for its services. The increasing demand has not only allowed Griffin to serve as an economic engine for the local economy, it recognizes our effort to control the cost of healthcare by serving as a high-quality, lower cost alternative for care in our region and making the necessary investments in technology and infrastructure to enhance our population health management capabilities.

But these investments, and these efforts, are seriously threatened by additional cuts, especially to small, independent hospitals like Griffin. We, like so many of our state's hospitals, are the cornerstone of our community. As one of the largest employers in our region, Griffin not only provides good paying jobs and generous benefits but is a literal lifeline to the people we serve. We need healthcare policies that are sustainable and improve the quality and access to care, not more taxes that are simply bad policy.

We need you to preserve healthcare in Connecticut, and stand ready to work with you. Thank you for your consideration of our position.